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**CAPITAL REGION PLANNING COMMISSION,
A COMPONENT UNIT OF THE CITY
OF BATON ROUGE/PARISH OF EAST BATON ROUGE**

**COMPONENT UNIT FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS**

**AS OF AND FOR THE YEAR ENDED
JUNE 30, 2001**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-16-02

HENDER & COMPANY

**A PROFESSIONAL ACCOUNTING
CORPORATION**

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INDEPENDENT AUDITORS' REPORT

The Commissioners of the
Capital Region Planning Commission
Baton Rouge, Louisiana

We have audited the accompanying general-purpose financial statements of the Capital Region Planning Commission (the Commission), Louisiana, a component unit of the City of Baton Rouge/Parish of East Baton Rouge, as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Capital Region Planning Commission, Louisiana, as of June 30, 2001; and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2001, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the Commission taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and Schedule of Indirect Cost Allocation Plan are presented for purposes of additional analysis, the first of which is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Neither schedule is a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Baton Rouge, Louisiana
August 29, 2001

CAPITAL REGION PLANNING COMMISSION, LOUISIANA

BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

AS OF JUNE 30, 2001

	<i>Governmental Fund Types</i>		<i>Fiduciary Fund Type</i>	<i>Account Group</i>	<i>Total "Memorandum Only"</i>
	<i>General</i>	<i>Special Revenue</i>	<i>Agency</i>	<i>General Fixed Assets</i>	
ASSETS AND OTHER DEBITS:					
Cash	\$99,876	\$0	\$0	\$0	\$99,876
Investments	294,110	0	568,952	0	863,062
Grant Funds Receivable	0	185,431	0	0	185,431
Accrued Interest Receivable	30,595	0	0	0	30,595
Due From Special Revenue Funds	185,431	0	0	0	185,431
Fixed Assets	0	0	0	302,492	302,492
Total Assets and Other Debits	\$610,012	\$185,431	\$568,952	\$302,492	\$1,666,887
LIABILITIES, FUND EQUITY AND OTHER CREDITS:					
Liabilities:					
Accounts Payable	\$64,129	\$0	\$0	\$0	\$64,129
Due To General Fund	0	185,431	0	0	185,431
Deferred Compensation Due To Employees	0	0	568,952	0	568,952
Other Liabilities	1,301	0	0	0	1,301
Compensated Absences Payable	25,224	0	0	0	25,224
Total Liabilities	90,654	185,431	568,952	0	845,037
Fund Equity:					
Investment in General Fixed Assets	0	0	0	302,492	302,492
Fund Balances	519,358	0	0	0	519,358
Total Fund Equity and Other Credits	519,358	0	0	302,492	821,850
Total Liabilities, Fund Equity and Other Credits	\$610,012	\$185,431	\$568,952	\$302,492	\$1,666,887

The accompanying notes to financial statements form an integral part of this statement.

CAPITAL REGION PLANNING COMMISSION, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL - ALL GOVERNMENTAL FUND TYPES

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FOR THE YEAR ENDED JUNE 30, 2001

	General Fund	Special Revenue Funds	Combined Actual Total "Memorandum Only"	Budget	Variance Favorable (Unfavorable)
REVENUES:					
Federal Funding	\$0	\$634,219	\$634,219	\$1,180,958	(\$546,739)
State Funding	0	9,250	9,250	9,200	50
Local Funding:					
Dues Assessment	81,889	0	81,889	83,156	(1,267)
Outside Agency Local Match	0	5,320	5,320	28,500	(23,180)
Special Planning Projects	0	5,030	5,030	10,000	(4,970)
Inkind Revenue	41,000	0	41,000	41,000	0
Miscellaneous and Interest Revenue	23,195	0	23,195	10,000	13,195
Total Revenues	146,084	653,819	799,903	1,362,814	(562,911)
EXPENDITURES:					
Current:					
Auto Insurance	3,138	0	3,138	5,500	2,362
Computer Hardware and Software	17,693	0	17,693	36,000	18,307
Consultant Fees	0	127,584	127,584	376,700	249,116
Deferred Compensation	45,439	0	45,439	53,388	7,949
Dues and Subscriptions	3,256	400	3,656	5,000	1,344
Equipment Purchases	3,828	0	3,828	15,000	11,172
Equipment and Facilities Maintenance	8,131	0	8,131	20,000	11,869
Equipment Rental	741	0	741	1,000	259
General Insurance	4,464	0	4,464	5,200	736
Group Insurance	40,512	0	40,512	60,000	19,488
Legal and Accounting	7,020	0	7,020	9,500	2,480
Miscellaneous	8,702	1,190	9,892	20,000	10,108
Office Supplies	6,324	1,661	7,985	12,000	4,015
Payroll Taxes	4,168	0	4,168	5,500	1,332
Postage	1,086	206	1,292	5,000	3,708
Professional Education	0	5,376	5,376	15,000	9,624
Publishing	1,100	5,010	6,110	20,000	13,890
Rent - Inkind	41,000	0	41,000	41,000	0
Salaries	143,047	277,640	420,687	614,205	193,518
Telephone	7,011	0	7,011	11,000	3,989
Travel and Auto Allowance	0	5,340	5,340	15,000	9,660
Vehicle Expenses	2,703	1,283	3,986	8,000	4,014
Total Expenditures	349,363	425,690	775,053	1,353,993	578,940
Indirect Cost Allocations	(366,144)	366,144	0	0	0
Total Expenditures Net of Including Indirect Cost Allocations	(16,781)	791,834	775,053	1,353,993	578,940
Excess (Deficiency) of Revenues over Expenditures	162,865	(138,015)	24,850	8,821	16,029
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	0	138,015	138,015	0	138,015
Operating Transfers (Out)	(138,015)	0	(138,015)	0	(138,015)
Proceeds from Sale of Fixed Assets	0	0	0	0	0
Net Other Financing Sources (Uses)	(138,015)	138,015	0	0	0
Excess of Revenues and Other Sources over Expenditures and Other Uses	24,850	0	24,850	8,821	16,029
Fund Balances, Beginning of Period	494,508	0	494,508	494,508	0
Fund Balances, End of Period	\$519,358	\$0	\$519,358	\$503,329	\$16,029

The accompanying notes to financial statements form an integral part of this statement.

CAPITAL REGION PLANNING COMMISSION, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL

The accounting and reporting policies of the Capital Region Planning Commission, Louisiana, a component unit of the City of Baton Rouge/Parish of East Baton Rouge, conform to generally accepted accounting principles as applicable to governments. Below is a summary of the significant general accounting policies:

FINANCIAL REPORTING ENTITY

This report includes all funds and account groups that are within the oversight responsibility of the Commission or Board of Commissioners. Control by or dependence on the Commission was determined on the basis of budget adoption and other general oversight responsibility. The Commission is a component unit of the City of Baton Rouge/Parish of East Baton Rouge. The Commission does not act as an oversight unit for any component units.

BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Capital Region Planning Commission, Louisiana, are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report as follows:

GOVERNMENTAL FUND TYPES

Governmental funds are those through which most governmental functions of the Commission is financed. The acquisition, use, and balances of the Commission's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the Commission's governmental fund types:

General Fund - The General Fund is the general operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

FIDUCIARY FUND TYPES

Fiduciary Funds are used to account for assets held by the Commission in a trustee or agency capacity. The Commission maintains one fiduciary fund type, agency fund.

Agency Fund - The Agency Fund is used to account for assets held by the Commission in a custodial capacity (assets equal liabilities), and does not involve measurement of results of operations. Specifically, this fund accounts for assets held by the Commission which are due to employees under the Commission's deferred compensation plan.

CAPITAL REGION PLANNING COMMISSION, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

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ACCOUNT GROUPS

Account groups are used to establish accounting control and accountability for the Commission's general fixed assets. The account groups are not funds. They are concerned only with the measurement of financial position, not with measurement of results of operations.

General Fixed Assets Account Group - The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations, rather than in the governmental fund types.

BASIS OF ACCOUNTING - MEASUREMENT FOCUS

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The governmental and fiduciary fund types are reported in the financial statements on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when they become both measurable and available. Available means expected to be collected within the next twelve months for other revenues. Revenues not considered available are recorded as deferred revenues. The following practices in recording revenues and expenditures have been used for the governmental funds:

Revenues - Federal and state grants are recorded when available and measurable. Federal and state grants as well as local match monies which are restricted as to the purpose of the expenditures are recorded when the reimbursable expenditures have been made. Local member assessments are recorded in the year the assessments are due and payable. Such amounts are measurable and available to finance current operations. Interest income on time deposits and in kind revenues are recorded when earned. Substantially all other revenues are recorded when received.

Expenditures - Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if it is expected to be paid within the next twelve months.

Deferred Revenues/Grant Funds Receivable - Deferred revenues arise when resources are received before the Commission has a legal claim to them, such as when grant monies are received prior to the incurrence of qualifying expenditures. Grant funds receivable arise when resources are expended on qualified grant expenditures and have not been reimbursed by the funding agency. In subsequent periods, when the Commission has a legal claim to the resources or receives the reimbursement, the liability for deferred revenue or receivable asset is removed and the revenue is recognized or reversed.

BUDGETS AND BUDGETARY ACCOUNTING

The Commission budget, prepared in accordance with generally accepted accounting principles, is proposed by the executive director on an organization-wide basis, and formally approved and adopted by the Board of Commissioners. The budget may be amended during the year at the Commissioners' discretion. These appropriations lapse at year-end and any unexpended appropriations are rebudgeted in the subsequent year. Accordingly, encumbrances are not provided for in the general-purpose financial statements.

CAPITAL REGION PLANNING COMMISSION, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

GENERAL FIXED ASSETS

All fixed assets acquired or constructed for general governmental purposes are reported as expenditures in the fund that finances the asset acquisition and capitalized in the General Fixed Assets Account Group at historical cost. Donated fixed assets are reported at estimated fair market value on the date received.

No depreciation is provided on general fixed assets except for the computation of indirect cost allocations.

ACCRUED COMPENSATION FOR FUTURE ABSENCES

The Commission's full-time employees who work year-round are granted vacation in varying amounts up to a maximum of 21 days per year. The cumulative amount of annual leave which can be carried forward is the amount earned over the last two years of employment. The Commission's policy specifically prohibits the payment of any accumulated sick leave at separation and consequently no sick leave is accrued. Based on the compensated absences reductions over the past few years, the entire balance is considered current which is reflected as a liability of the general fund.

INDIRECT COST ALLOCATIONS

Allocable indirect costs are initially charged to the General Fund during the year. The Commission uses the prior year rate in estimating indirect costs to be charged to the special revenue funds during the year for billing purposes. At the end of each year the actual indirect cost rate and charges to the special revenue funds are computed and appropriate adjustments are made. Allocable indirect costs exclude equipment purchases and payroll benefit costs, but provide for depreciation of general fixed assets computed over estimated useful lives of three to ten years. The indirect costs are then allocated to the special revenue funds based on direct salaries.

TOTAL COLUMNS ON STATEMENTS - OVERVIEW

Total columns on the statements - overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - CASH, INVESTMENTS AND ACCRUED INTEREST RECEIVABLE

At June 30, 2001, the Commission had seven certificates of deposit bearing interest ranging from 4.0% to 6.45% per annum. The certificates were maintained at two separate financial institutions and balances were fully insured against loss. Certificates of deposit totaling \$78,203, 74,907, 39,000, 37,000, 40,000, and 25,000 mature during the years ending June 30, 2002, 2003, 2004, 2005, 2006, and 2014 respectively. These certificates of deposit are reported as investments not as cash or cash equivalents since the original maturity date is in excess of three months. It is the Commission's policy to reflect investments with original maturity dates of three months or less as cash equivalents, and those with original maturity dates in excess of three months as investments.

CAPITAL REGION PLANNING COMMISSION, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

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Accrued interest receivable represents interest earned yet not received on unmatured certificates of deposit. At June 30, 2001, the carrying value of these certificates did not materially differ from their fair value.

The Commission maintains three checking accounts, one savings account, and one money market account with balances per institution of \$74,495, \$6,946, \$55,179, and \$7,841. Each institution insures up to \$100,000 through Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2001 all balances were fully insured against loss. Consequently, all cash and investments are fully insured and are considered category 1 per GASB Statement 3 criteria.

NOTE 3 - GRANT FUNDS RECEIVABLE

Capital Region Planning Commission, Louisiana, has contracted with various federal, state, and local agencies to be reimbursed a specific percentage of the qualified costs incurred on approved projects. All receivables are expected to be collected within the next twelve months.

NOTE 4 - DUE FROM SPECIAL REVENUE FUNDS/DUE TO GENERAL FUND

The General Fund provides funds to the special revenue funds to eliminate operating deficits after the allocation of indirect costs. As a result, if any grant funds earned at the end of the year have not been collected, grant funds receivable are recorded in the accounts of the special revenue funds with a corresponding entry reflecting amounts due to the General Fund.

NOTE 5 - DEFERRED COMPENSATION PLAN

The Commission offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time employees meeting specific length of service criteria, permits them to defer a portion of their salary, for federal income tax purposes, until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Commission funds the plan by making contributions to a plan administrator, on a monthly basis, at rates ranging from 7.5% to 12.5% of the employees' compensation. The contribution rate for employees is based on their employment longevity.

The plan administrator offers a variety of investment alternatives directly to the participant. Commission employees have collectively selected a fund which consists of investments in insurance companies -

- rated Aa or above as to claims paying ability by Moody's rating service,
- similarly rated by other major rating services, or;
- approved by the plan administrator's internal credit analysis function where no rating service is available.

No more than 35% of the portfolio is invested with any single insurance company. The rates of return since the fund's inception in 1984 range from 6.80% to 11.75% per annum.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) are solely the property and rights of the Commission (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Commission's general creditors. Participants' rights under the plan are equal to those of general creditors of the Commission in an amount equal to the fair market value of the deferred account for each participant. Commission management believes that it is unlikely that it will use the assets to satisfy claims of general creditors in the future. Plan assets and the related liability to employees are reported in the agency fund at market value.

CAPITAL REGION PLANNING COMMISSION, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - GENERAL FIXED ASSETS

Depreciation is not provided for in the financial statements, however, depreciation is used in computing the indirect cost allocation rate. Estimated useful lives of fixed assets are 3 - 10 years, depending on the type of equipment. General fixed assets and their related changes for the year ended June 30, 1999 are as follows:

	<u><i>Furniture and Equipment</i></u>	<u><i>Vehicles</i></u>	<u><i>Total</i></u>
General fixed assets, July 1, 2000	\$294,686	\$57,634	\$352,320
Additions	21,521	0	21,521
Retirements	<u>(60,304)</u>	<u>(11,045)</u>	<u>(71,349)</u>
General fixed assets, June 30, 2001	<u><u>\$255,903</u></u>	<u><u>\$46,589</u></u>	<u><u>\$302,492</u></u>

NOTE 7 - FEDERAL FINANCIAL ASSISTANCE

The Commission participates in a number of federally-assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. As of April 1999 there were no questioned or disallowed costs as a result of any governmental grant audits. The next compliance audit is scheduled for April, 2002.

**SUPPLEMENTARY SCHEDULE OF
INDIRECT COST ALLOCATION PLAN**

CAPITAL REGION PLANNING COMMISSION, LOUISIANA

SUPPLEMENTARY SCHEDULE OF INDIRECT COST ALLOCATION PLAN

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FOR THE YEAR ENDED JUNE 30, 2001

	<i>General and Administrative Expenditures</i>	<i>Adjustments to arrive at Allocable Cost</i>	<i>Allocable General and Administrative Cost</i>
Expenditures:			
Depreciation	\$0	\$38,549	\$38,549
Auto Insurance	3,138		3,138
Computer Hardware and Software	17,693	(17,693)	0
Dues and Subscriptions	3,256		3,256
Equipment Purchases	3,828	(3,828)	0
Equipment and Facilities Maintenance	8,131		8,131
Equipment Rental	741		741
General Insurance	4,464		4,464
Group Insurance	40,512	(40,512)	0
Legal and Accounting	7,020		7,020
Miscellaneous	8,702		8,702
Office Supplies	6,324		6,324
Payroll Taxes	4,168		4,168
Postage	1,086		1,086
Publishing	1,100		1,100
Rent - Inkind	41,000		41,000
Salaries and Deferred Compensation	188,486	(73,143)	115,343
Telephone	7,011		7,011
Vehicle Expenses	2,703		2,703
Total Expenditures	\$349,363	(\$96,627)	\$252,736

*Reconciliation of
Allocable General and Administrative
Costs to General Fund Expenditures:*

Allocable General and Administrative Costs	\$252,736
Add:	
Computer Hardware and Software	17,693
Equipment Purchases	3,828
Pay Add	73,143
Group Insurance	40,512
Deduct:	
Depreciation	(38,549)
General Fund Expenditures per Audit Report	\$349,363

CAPITAL REGION PLANNING COMMISSION, LOUISIANA

SUPPLEMENTARY SCHEDULE OF INDIRECT COST ALLOCATION PLAN

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FOR THE YEAR ENDED JUNE 30, 2001

Direct Salaries:

PL 736-17-0315	\$3,548
FTA LA-80-X007	20,379
FTA LA-90-X183	36,770
FTA LA-90-X198	22,474
FTA LA-08-0103	7,211
PL 736-17-0318	49,079
PL 736-17-0320	98,737
08-05-11036.98	29,997
Ridesharing 737-96-0016	13,005

Total Direct Salaries	\$281,200
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Payroll Benefit Cost:

Pay Add	\$77,887
Insurance	44,695

Total Payroll Benefit Cost	\$122,582
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Indirect Cost Allocation Computation:

Overhead Rate	0.9060
Payroll Rate	0.4359

Indirect Cost Rate	1.342
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Overhead Rate Computation:

Adjusted Overhead Costs	254,771	=	0.906
Total Direct salaries	281,200		

Payroll Benefit Rate Computation:

Total Payroll Benefit Costs	122,582	=	0.436
Total Direct Salaries	281,200		

Total Indirect Cost:

Direct Salaries	281,200
Indirect Cost Rate	1.342

Indirect Cost	\$377,370
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SUPPLEMENTARY SINGLE AUDIT REPORTS



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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Commissioners of
Capital Region Planning Commission
Baton Rouge, Louisiana

We have audited the general-purpose financial statements of the Capital Region Planning Commission (the Commission), Louisiana, a component unit of the City of Baton Rouge/Parish of East Baton Rouge, as of and for the year ended June 30, 2001, and have issued our report thereon dated August 29, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

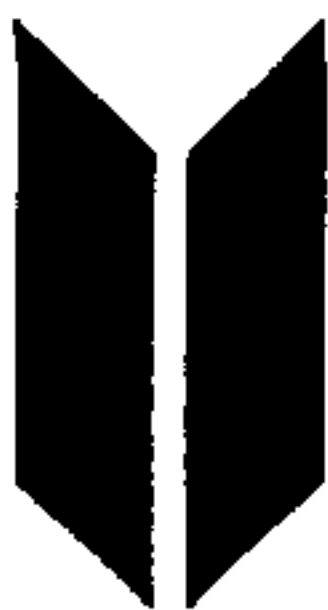
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Commission, the Commission's management and the federal awarding agencies and pass-through entities, such as the State of Louisiana and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

Hender & Co.

August 29, 2001
Baton Rouge, Louisiana



HENDER & CO.

A Professional Accounting Corporation

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Commissioners of
Capital Region Planning Commission
Baton Rouge, Louisiana

Compliance

We have audited the compliance of the Capital Region Planning Commission (the Commission), Louisiana, a component unit of the City of Baton Rouge/Parish of East Baton Rouge, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. The Commission's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Commission's compliance with those requirements.

In our opinion, the Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

The management of the Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Commission, the Commission's management, and the federal awarding agencies and pass-through entities, such as the State of Louisiana and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

Hendrix & Co.

Baton Rouge, Louisiana
August 29, 2001

CAPITAL REGION PLANNING COMMISSION, LOUISIANA

SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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FOR THE YEAR ENDED JUNE 30, 1999

<i>Federal Grantor/Pass-Through Agency/Program Identification</i>	<i>CFDA Number</i>	<i>Fed. Share of Program Expenditures</i>	<i>Total Program Expenditures</i>
U. S. DEPARTMENT OF TRANSPORTATION			
Passed through Louisiana Department of Transportation and Development:			
Technical Studies Grant: LA-80-X007	20-505	\$40,500	\$51,059
Highway Research, Planning and Construction:			
State Project No.			
LA-736-17-0318	20-205	95,441	119,301
LA-736-17-0320	20-205	223,332	279,165
LA-737-96-0016 Ridesharing	20-205	32,257	32,257
LA-736-17-0315	20-205	125,821	157,276
Passed through City of Baton Rouge/ Parish of East Baton Rouge:			
Federal Transit Administration Technical Studies Grants:			
FTA LA-90-X198	20-507	60,591	75,739
FTA LA-08-0103	20-507	16,481	16,888
FTA LA-90-X183	20-507	69,621	87,026
Subtotal, U. S. Department of Transportation		664,044	818,711
U. S. DEPARTMENT OF COMMERCE			
Economic Development Administration Area Planning Assistance Program			
Award No. 08-05-11036.98	11.302	52,000	72,471
Subtotal, U. S. Department of Commerce		52,000	72,471
Total Expenditures		\$716,044	\$891,182

See accompanying independent auditors' report.

CAPITAL REGION PLANNING COMMISSION, LOUISIANA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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FOR THE YEAR ENDED JUNE 30, 2001

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Capital Region Planning Commission (the Commission), Baton Rouge, Louisiana. The Commission's reporting entity is defined in note 1 of the Commission's general-purpose financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies are included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting which is described in note 1 of the Commission's general-purpose financial statements.

NOTE 3 - RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS

Federal awards expenditures are reported in the Commission's general-purpose financial statements as components of Special Revenue Fund expenditures. The following details the expenditure categories reflecting only the federal awards portion of expenditures:

<u>Expenditures:</u>	<u>Special Revenue</u>
Consultant Fees	\$102,067
Dues and Subscriptions	320
Miscellaneous	952
Office Supplies	1,329
Postage	165
Professional Education	4,301
Publishing	4,008
Salaries	222,864
Travel and Auto Allowance	4,272
Vehicle Expense	1,026
Indirect Cost Allocation	<u>292,915</u>
Total	<u><u>\$634,219</u></u>

NOTE 4 - RELATIONSHIPS TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles.

NOTE 5 - MAJOR FEDERAL AWARDS

The dollar threshold of \$300,000 was used to distinguish between Type A and Type B federal programs. For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

CAPITAL REGION PLANNING COMMISSION, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS/CORRECTIVE ACTION PLANS

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FOR THE YEAR ENDED JUNE 30, 2001

(1) ***Summary of Auditors' Results***

- (a) The type of report issued on the financial statements:
unqualified opinion
- (b) Reportable conditions on internal control were disclosed by the audit of the Financial Statements: no Material Weaknesses: no
- (c) Noncompliance which is material to the financial statements: no
- (d) Reportable conditions on internal control over major programs: no Material Weaknesses: no
- (e) The type of report issued on compliance for major programs:
unqualified opinion
- (f) Any audit findings which are required to be reported under section .510 (a) of OMB Circular A-133: no
- (g) Major Programs:
LA-736-17-0325 (CFDA Number 20-205)
LA-737-96-0016 Ridesharing (CFDA Number 20-205)
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$300,000
- (i) Auditee qualified as a low-risk auditee under Section .530 of OMB Circular A-133: no

(2) ***Findings Relating to Financial Statements Reported in Accordance with Government Auditing Standards:***

None

(3) ***Findings and Questioned Costs relating to Federal Awards:***

None